



Final Minutes  
Endowment Fund Investment Special Board Meeting  
October 2, 2006

A special meeting of the Endowment Fund Investment Board (Board) was held in the Board Conference Room at 816 W. Bannock Street, Ste. 301, Boise Idaho on October 2, 2006. Chairman M. Dean Buffington called the meeting to order at 2:00 p.m. and recognized that a quorum was present.

**Members Present:**

Dean Buffington  
Gavin Gee (*entered 2:20 p.m. via teleconference*)  
Representative Bill Deal (*via teleconference*)  
Vaughn Heinrich  
Tom Kealey  
Senator Brad Little  
Susan Simmons  
Richelle Sugiyama  
John Taylor (*via teleconference*)

**Staff Present:**

Larry Johnson  
Chris Halvorson  
Andy Potter  
Judy Shock

**Legal Counsel:**

Julie Weaver

**Guests:**

Bobby Lawrence, Eide Bailly (*departed 2:20 p.m.*)  
John Pickett, RBC Dain (*via teleconference*)

Hard copies of board materials were mailed and delivered one week prior to the scheduled special board meeting and a meeting notice was posted on the door of the EFIB office beginning September 21, 2006.

**FY 2006 – Financial Statements**

Chairman Buffington turned the meeting over to John Taylor, Chairman of the Audit committee. Mr. Taylor pointed out the three agenda items for discussion:

- a. Approval of audited Financial Statements
- b. Review of letter to the Audit Committee
- c. Review of Management Letter

There were no significant issues with the audit. There were some minor changes to the Financial Statements from version approved at the August 30<sup>th</sup> audit committee meeting which were highlighted for the Board's review. In response to a question from Ms. Simmons, Mr. Lawrence, Eide Bailly, stated that the paragraph on page 14, under the heading "Basis of Accounting", was outdated and should be removed.

Senator Little made a motion that the FY 2006 Financial Statements be approved as submitted, subject to the change suggested by Mr. Lawrence. The motion was seconded by Ms Simmons and approved unanimously.

Mr. Taylor turned the meeting back over to Chairman Buffington at 2:20 p.m.

**Spending Policy Update**

Mr. Johnson passed out a handout, "Endowment Fund Spending Policy Update". The board discussed how the EFIB should determine spending policy given the uncertainty of revenues from endowment lands. Currently, the EFIB's Strategic Plan has an objective to achieve distributions of 4% of funds plus average net revenues from

lands. The board asked the staff to explore the option of changing that to 4% of the funds plus a number determined by the Land Board or the Department of Lands.

The Board asked staff to prepare examples or scenarios for various Spending Policy options.

#### Land Board Reporting Process

The Board considered whether to suggest they meet with the Land Board once a year in November, instead of twice a year, but determined that it would be more beneficial to continue having two joint meetings a year. This will assist the upcoming new Land Board members in communication and understanding.

In addition to material in the pre-reading, at the meeting the Board received an example of a monthly report to the Land Board. The Board reviewed the proposed reporting checklists and agreed to have that information submitted to the Land Board. For the Performance Measures section, there was a preference to show returns net of fees rather than gross.

#### *Minutes of Previous Meeting*

Ms. Sugiyama mentioned that the draft minutes of the August 7, 2006 meeting were not in line with her and Representative Deal's recollection of what was approved with regard to the Spending Policy - Capitol Permanent Fund. Mr. Johnson indicated that since the minutes have not been approved, they will be re-written to reflect that the approval was conditional on understanding more about the funding needs of the Capitol Commission and potential revenues from their endowment lands.

#### FY 2006 Financial Statement – Addendum to previous motion

A motion was made by Mr. Kealey to change the date on page 24, Note 11, paragraph 2 of FY 2006 Audit report, from July 1, 2007 to July 1, 2006. As well, the second sentence should be eliminated. The motion was seconded by Senator Little and approved unanimously.

#### Adjourn

There being no further business to come before the Board, Mr. Kealey made a motion to adjourn. The motion was seconded by Mr. Heinrich, and passed unanimously. The meeting adjourned at 3:36 p.m.